

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7613

BILL NUMBER: HB 1895

DATE PREPARED: Jan 12, 2001

BILL AMENDED:

SUBJECT: Transportation Matters.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill: 1) exempts records relating to negotiations between the Indiana Department of Transportation (INDOT) and a landowner from the requirement that public records be available for inspection and copying while the negotiations are in progress; 2) provides that the Industrial Rail Service Fund may be used to provide \$50,000 annually to the Indiana Department of Transportation for rail planning activities.; 3) updates a reference to federal law; 4) relieves the Indiana Department of Transportation from the requirement that all property taxes on a property acquired by the Department for highway purposes be paid except when the Department acquires the entire parcel.

Effective Date: July 1, 2001.

Explanation of State Expenditures: *1) Exemption of Records Relating to Land Negotiations:* The specific fiscal impact is not known, but could result in savings to the INDOT. The fund affected is the State Highway Fund.

The exemption provided in the bill is the same exemption as that of the Department of Commerce. The INDOT appraises each property independently for its value and damage to the remainder. The INDOT currently publishes all amounts paid in accordance with the law when project negotiations are concluded. INDOT suggests that, to the extent that the exemption from public disclosure during negotiations permits INDOT to negotiate a more favorable price in a more timely manner, acquisition and construction costs may be decreased.

2) \$50,000 to INDOT for Rail Planning Activities: This provision allows the Industrial Rail Service Fund to be used to provide \$50,000 annually to INDOT for rail planning activities. The uses of the Industrial Rail Service Fund are statutorily limited to six provisions. This bill adds one additional provision for the use of the Industrial Rail Service Fund. The new provision, funding rail planning activities with a \$50,000 annual appropriation, means that this amount may not be used for other purposes.

This provision also redefines the purposes for which grants to Class II and Class III railroads may be made. The bill provides that grants may be provided for rehabilitation of railroad **infrastructure**, rather than only tracks. The fiscal impact will depend upon the number and the amount of grants which will be used for the new and expanded purposes, as opposed to the more limited purpose.

The Industrial Rail Services Fund is funded with a distribution of 0.04% from the state Sales Tax. The table, below, shows the activity in the Industrial Rail Service Fund for the last three fiscal years.

Revenues	FY 1998	FY 1999	FY 2000
Sales Tax	\$1,320,801	\$1,372,950	\$1,484,285
Interest	\$263,374	\$226,943	\$232,651
Late Fees	\$49,987	\$0	\$0
Repayment of Loans	<u>\$298,200</u>	<u>\$303,112</u>	<u>\$1,026,919</u>
Total	\$1,932,200	\$1,903,112	\$2,743,855
Expenditures			
Grants	\$275,000	\$565,000	\$4,355,990
Loans	<u>\$800,000</u>	<u>\$0</u>	<u>\$0</u>
Total	\$1,075,000	\$565,000	\$4,355,990

3) *Updates of a Reference to Federal Law:* This provision should have no fiscal impact.

4) *Requirement Regarding Payment of Property Taxes on INDOT Acquisitions:* This provision relieves INDOT from the requirement that all property taxes on a property acquired by the Department for highway purposes be paid, except when the Department acquires the entire parcel. Current law requires that all property taxes be paid before the County Auditor will transfer the title. INDOT rarely acquires entire properties. The INDOT usually acquires small pieces of the total property. Occasionally back taxes are due on the property. In these cases, INDOT reports that they have no recourse but to file a condemnation suit if the seller is unable to pay the taxes due.

The specific fiscal impact is not known. The INDOT reports that they encounter this situation two or three times per year. INDOT states that the legal fees to the state for a condemnation suit are estimated at \$7,000 to \$10,000 per suit. The fund affected is the State Highway Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Transportation.

Local Agencies Affected:

Information Sources: Kevan McClure, Director of Land Acquisition for the INDOT, 232-5001.